

## Message Text

SECRET

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46

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CCO-00 SSO-00 NSCE-00 INRE-00

USIE-00 EB-11 OMB-01 COME-00 TRSE-00 DODE-00 PRS-01

PA-03 IGA-02 CIAE-00 INR-10 NSAE-00 RSC-01 L-03 ABF-01

PM-09 NSC-10 SS-15 MC-02 PC-04 CU-04 SIL-01 RSR-01

/117 W

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O R 101158 Z APR 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 7146

INFO AMCONSUL RECIFE

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

MILGP RIO DE JANEIRO

S E C R E T BRASILIA 2015

E. O. 11652: XGDS

TAGS: PFOR, BR

SUBJ: CASP: COMMENTS ON PRE- IG REVIEW

REF: STATE 055874

1. EMBASSY APPRECIATES REPORT ON PRE- IG REVIEW.

2. FMS POLICY. WITH REGARD TO PARA 1- C REFTEL REQUESTING CLARIFICATION OF THE INTENT OF THE SECOND CLAUSE OF THE RECOMMENDATION, PAST EXPERIENCE HAS BEEN THAT UNCERTAIN U. S. POLICIES, LOW AND DIMINISHING FMS CREDIT AND LEGISLATIVE RESTRICTIONS HAVE BEEN INHIBITING TO JOINT DISCUSSION AND PLANNING WITH THE BRAZILIAN ARMED FORCES AND HAVE BEEN DAMAGING TO THE CREDIBILITY OF SUCH U. S. EFFORTS AS HAVE BEEN ATTEMPTED. AN ANNUAL FMS CREDIT LEVEL WHICH COULD BE USED IN DISCUSSION WITH THE HOST MILITARY WITH SOME ASSURANCE THAT IT WOULD BE FORTHCOMING, WOULD PERMIT U. S. MILITARY REPRESENTATIVES A MUCH GREATER LATITUDE IN THEIR LIAISON WITH COUNTERPARTS. A \$60 MILLION  
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ANNUAL LEVEL, FOR EXAMPLE, WOULD PERMIT ENCOURAGEMENT OF TRI-SERVICE PLANNING AND PROGRAMMING ON A PRIORITY BASIS AND WOULD PROVIDE U. S. LIAISON OFFICERS FAR GREATER OPPORTUNITIES FOR APPROPRIATE GUIDANCE AND MODERATING INFLUENCE DURING THE PLANNING AND DETERMINATION OF REQUIREMENTS AND IN PROGRAMMING THE PROCUREMENT OF MAJOR ITEMS OF MILITARY EQUIPMENT.

3. RE PARA 2 A REFTEL, THE CASP SUBMISSION, WHICH SPEAKS OF 350 PEACE CORPS VOLUNTEERS, REFLECTS THE AMBASSADOR'S JUDGMENT AS TO THE MAXIMUM NUMBER OF PCV'S TO BE IN- COUNTRY AT ANY GIVEN TIME IN ORDER TO MAINTAIN AN APPROPRIATE U. S. PROFILE. THIS JUDGMENT TAKES ACCOUNT OF THE RECENT INDICATIONS WE HAVE HAD, NOTABLY IN CONNECTION WITH THE NEGOTIATION OF A NEW PEACE CORPS AGREEMENT, THAT THERE ARE SOME QUESTIONS IN BRAZILIAN GOVERNMENT CIRCLES AS TO THE DESIRABILITY OF MAINTAINING THE PEACE CORPS PROGRAM, EVEN ON THE NEW BASIS ESTABLISHED OVER THE PAST TWO YEARS, BECAUSE OF ITS ASSOCIATION WITH A " PATERNALISTIC" APPROACH TO TECHNICAL ASSISTANCE IN THE PAST. WHILE SUCH CONCERNS APPEAR TO HAVE BEEN PUT ASIDE BY GOB AND WE EXPECT THE NEW AGREEMENT TO BE SIGNED SHORTLY, IT IS THE AMBASSADOR'S JUDGMENT THAT AN INCREASE IN THE MAXIMUM LEVEL OF PEACE CORPS VOLUNTEERS IN- COUNTRY OVER THAT OF THE LAST TWO YEARS COULD CREATE PROBLEMS FOR USG PROFILE IN BRAZIL WHICH COULD IN TURN INTERFERE WITH PC OPERATIONS THEMSELVES.

4. CU RESOURCES. RE PARA 2 B REFTEL, STATE 055463 PROVIDES UPDATED CU RESOURCES GUIDANCE OF 630 THOUSAND DOLLARS FOR FY 74 AND 680 THOUSAND DOLLARS FOR FY 75. BASED ON THIS NEW GUIDANCE, CULTURAL EXCHANGE ( CU) AND CULTURAL PROGRAMS ( USIS) SHOULD BE BROKEN DOWN AMONG COURSES OF ACTION AS FOLLOWS:

FY 1974 - PAGE 52

A1.1-2 275 ( CU) 100 ( U)

A2.2-2 225 ( CU) 155 ( U)

A3.3-2 130 ( CU) 72 ( U)

FY 1975 - PAGE 53

A1 .1-2 300 ( CU) 100 ( U)

A2.2-2 250 ( CU) 155 ( U)

A3.3-2 130 ( CU) 72 ( U)

RE TABLE 1, STATE ALLOCABLE RESOURCES SHOULD BE CORRECTED TO FY 74 - 630,000 AND FY 75 - 680,000. USIS ALLOCABLE FUNDS SHOULD BE REDUCED TO FY 74 - 1,134,000 AND FY 75 - 1,134,000.

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NOTE: IN ORIGINAL CASP SUBMISSION, STATE ALLOCABLE RESOURCES

HAD BEEN SHOWN ERRONEOUSLY UNDER BOTH STATE AND USIS RESOURCES.

5. RE PARA 2 C REFTTEL, CT BELIEVES CURRENT REGIONAL FUNDING FOR AIFLD SHOULD BE MAINTAINED AT PRESENT LEVEL. THE LABOR MINISTER AND OTHERS WITHIN THE GOB HAVE REPEATEDLY REVEALED SOME DOUBT AS TO AIFLD OPERATIONS IN BRAZIL AND HAVE QUESTIONED SOME OF ITS PROGRAMS. TO ALTER THE PRESENT AIFLD PROFILE MIGHT WELL SERVE TO PROVOKE UNDESIRE REACTIONS BY BRAZILIAN OFFICIALS AND ENDANGER THE ENTIRE PROGRAM.

6. RE PARA 2 D REFTTEL, FY 75 HAS BEEN INCREASED OVER FY 74 BY APPROXIMATELY 30 PERCENT DUE TO INFLATION IN U. S. AND BRAZIL.

7. RE PARA 3 REFTTEL, ITEMS A, B, C, D, E, THE CT CONCURS WITH CHANGES SUGGESTED BY DEPARTMENT.

8. RE PARA 3 F REFTTEL, CT PROPOSES FOLLOWING ALTERNATIVE IN LIEU OF DEPARTMENT' S SUGGESTION:  
" ALTHOUGH A GENERAL MOVE IN THE DIRECTION OF A MORE OPEN AND PARTICIPATORY POLITICAL SYSTEM COULD CONCEIVABLY INVOLVE SOME RELAXATION OF PRESENT STRICT CONTROLS OVER BRAZILIAN TRADE UNION ACTIVITY, THIS IS UNLIKELY WITHIN THE CASP TIME FRAME; EVEN OVER A LONGER PERIOD, IT IS DOUBTFUL THE GOVERNMENT WOULD RELINQUISH ITS TRADITIONAL CONTROL OVER UNION FUNCTIONS AND ACTIVITIES, CONTROL WHICH HAS PERSISTED OVER THE PAST THIRTY FIVE YEARS."

9. RE PARA 3 G REFTTEL, CT PROPOSES FOLLOWING IN LIEU OF DEPARTMENT' S SUGGESTION:  
" CONTINUE TO SUPPORT AT PRESENT LEVELS REGIONALLY FUNDED AIFLD PROGRAMS DESIGNED TO PREPARE BRAZILIAN WORKERS AND LABOR OFFICIALS FOR THE TIME THEY WILL BE ALLOWED TO PLAY A MORE EFFECTIVE ROLE WHEN THE GOVERNMENT PROVIDES AN APPROPRIATE FRAME WORK IN WHICH THE UNIONS CAN FUNCTION."  
ROUNTREE

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* SECRET

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30 JUN 2005

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**To:** ARA  
MILGP RIO DE JANEIRO  
RECIFE  
RIO DE JANEIRO  
SAO PAULO  
SECSTATE WASHDC  
**Type:** TE

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